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Approved For Release 2003/05/14 : CIA-RDP78B05171A000600020039-0

29 OCT 1969

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MEMORANDUM FOR: Director, National Photographic Interpretation Center

SUBJECT : Proposed Contract with [] for the Construction of a Prototype 1540 Light Table, Model II, at a Cost Not to Exceed []

1. This memorandum requests approval for the commitment of funds for a contract. The specific request is stated in Paragraph 9.

2. During FY-69, the [] developed, under contract to NPIC, a prototype 1540 Split-Format Light Table designed specifically to meet the unique requirements []. During the progress of this development, a similar light table was developed by [] with company funds. This light table came close to meeting the same requirements as were specified in the development objectives for the [] 1540 Light Table. Subsequent testing and evaluation of the [] effort indicated that their table had certain specific features which were in some respects superior to those on the [] unit. With the close cooperation of the operating divisions in the Center, RED formulated development objectives which included the best features of the two prototypes developed by both [] NPIC then requested that [] submit proposals and cost estimates for a basic instrument that incorporated the requirements for handling [] materials.

3. It was NPIC's original intent that parallel contracts would be awarded to both [] for the development of prototype light tables, one by each company, with each incorporating the basic and optional features desired on the prototype instruments. The prototypes were to be subjected to a period of testing and evaluation that would determine the relative merits of the two instruments. At this point, a decision based on technical performance and cost could be made as to whether the [] table was more desirable, and a fixed price contract could be awarded for production quantities of the chosen unit. In response to our request, both [] submitted proposals that were technically satisfactory to the Research and Engineering Division. However, whereas [] submitted a cost proposal that was considered to be satisfactory, the cost proposal submitted by [] was considered to be unreasonably high. In view of this cost disparity, the decision was made to enter into a contract with [] at the cost submitted in their proposal, and to then renegotiate with [] in an attempt to arrive at a more satisfactory cost proposal. This approach was selected due to the tight scheduling required to insure that the 1540 tables will be available in production quantities []. Renegotiation with [] has now been accomplished and agreement has been reached on a cost that is considered satisfactory by the Research and Engineering Division.

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GROUP 1
Excluded from automatic
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4. The original cost proposal by [] for development of this light table was for []. The renegotiated cost not to exceed [] is considered to be highly realistic in view of the total costs that will be incurred by the [] during development of their parallel effort. NPIC funded [] for development of the first version 1540 Light Table, and [] is presently under contract for some [] to develop the second version of the table. These two costs for the [] developments total []. We are requesting approval for funds not to exceed [] to permit SC&PS some latitude in negotiations and to permit negotiating delivery and performance incentives.

5. This parallel contract is considered highly desirable and entirely justifiable because of the following:

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a. We need this competition to break the virtual monopoly that [] has exercised in the past in the small light table field,

b. This parallel contract should provide considerable leverage during the subsequent production contract to significantly lower the costs of production units, thereby recovering some or all of the initial prototype costs, and

c. In order to supply the needs of the total community, it is highly desirable to have a second supplier during the production procurement because of the quantities of tables to be procured and the short time frame involved.

6. Successful completion of this contract will result in a prototype instrument, maintenance manuals, operating instructions, estimated costs of production instruments, and any special tools required for operation or maintenance. Furthermore, those spare parts necessary to maintain the equipment in the field will also be provided under the contract.

7. Acceptance of the prototype by the operating divisions as being a desirable equipment could result in a production procurement of substantial numbers of instruments at a total estimated cost of [] or more. The technical risk involved in developing this second model 1540 Light Table is considered to be minimal because many of the basic technologies were developed on the earlier [] Prototype 1540 Light Table.

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9. It is requested that approval be granted to negotiate a fixed price
contract with []

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-S-

[]
Chief, Technical Services & Support Group,
NPIC

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APPROVAL: []

ARTHUR C. LUNDAHL
Director

31 OCT 1969

Date

National Photographic Interpretation Center

Distribution:

- 1 - NPIC/TSSG/SC&PS (After approval)
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